

FINANCING GREEN PUBLIC INFRASTRUCTURE

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This presentation will deal with
FINANCING PUBLIC INFRASTRUCTURE
that is green.

INTRODUCTION

- *Financing*

- ❖ This presentation will focus mainly on the standard methods for generating revenues to fund municipal/public sector projects.

Sample comments from preconference survey:

“Work it into all development projects and don’t rely only on government grant programs.”

“Local millages.”

“Use gray infrastructure financing to support green infrastructure; change policies in sewer, road funding to support such projects.”

INTRODUCTION

- *Public*
 - ❖ This presentation will focus mainly on the standard methods for generating revenues to fund municipal/public sector projects.

INTRODUCTION

- *Infrastructure*
 - ❖ We will discuss green projects that qualify as public infrastructure.
 - ❖ Green projects are not necessarily a category unto themselves but are elements that can comprise portions of public infrastructure projects that can be financed with the full range of tools available for public infrastructure projects.

INTRODUCTION

- *Examples of green infrastructure from preconference survey comments:*

Bike lanes

Energy conservation improvements

Farmland preservation

Farmers' Market

Green buildings/roofs

Greener sewer systems

Mass transit

Open space/natural areas

Parks

Permeable pavement surfaces

Public kayak/canoe/boat access

Rain gardens/bioswales

Recycling/composting

Stormwater management

Trails

Trees

REVENUE

Sources for Financing Public Infrastructure

- *Local Taxes*
 - ❖ Unlimited property tax levies
 - voted bond issues
 - ❖ Limited property tax levies
 - voted millages
 - refuse millages
 - ❖ Income taxes

REVENUE

Sources for Financing Public Infrastructure

- *Local Taxes* (continued)
 - ❖ Requires public vote
 - ❖ UTGO and GOLT bonds and installment purchase contracts used for financing
 - ❖ Can use for almost any public infrastructure
 - ❖ Farmland preservatin example
 - ❖ Recycling and composting examples

REVENUE

Sources for Financing Public Infrastructure

- *Special Assessments* – imposed by public entity on property specifically benefiting from a public improvement
 - ❖ Not a tax
 - ❖ Amount of assessment must bear a reasonable relationship to the value of the benefit derived from the improvement
 - ❖ Subject to petition rights
 - ❖ Special assessment bonds used for financing
 - ❖ Used most often for roads, water, sewer, and storm water
 - ❖ Drainage project examples

REVENUE

Sources for Financing Public Infrastructure

- *Public Revenue Systems*

- ❖ Public Revenue Systems
- ❖ Connection fees – fees imposed by a public entity on property owners when hooking up to a system
- ❖ User fees – fee imposed by a public entity on users of a public improvement for services provided by the public improvement
- ❖ Subject to referendum rights
- ❖ Revenue bonds used for financing
- ❖ Can be used for many projects, but the project must produce revenue
- ❖ Most frequently used for water, sewer, parking, electricity, and public transportation
- ❖ Green waste water examples

REVENUE

Sources for Financing Public Infrastructure

- Tax Increment Revenues – tax revenues captured by a downtown development authority, tax increment finance authority or local development finance authority, corridor improvement authority, or brownfield redevelopment authority
 - ❖ Must be part of a development and tax increment financing plan
 - ❖ May be subject to referendum rights

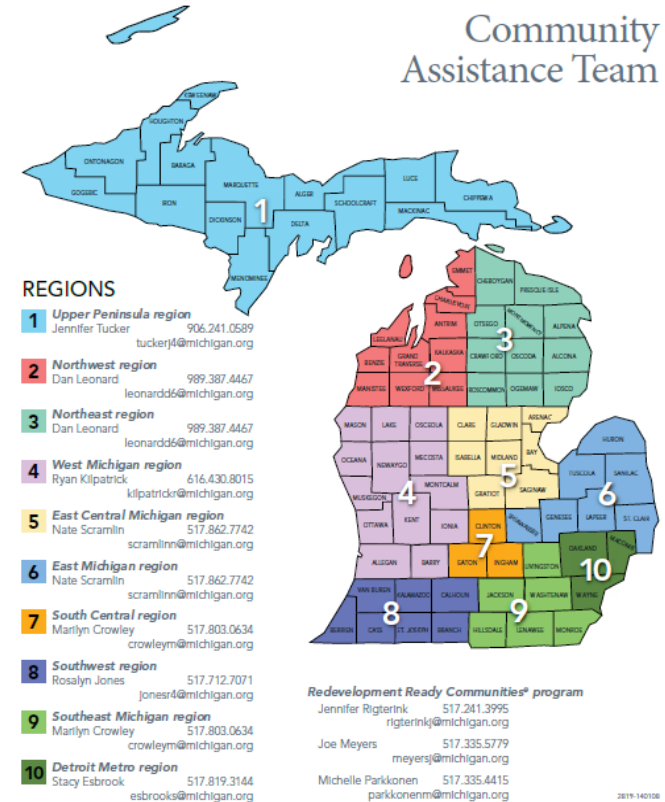
REVENUE

Sources for Financing Public Infrastructure

- **Tax Increment Revenues** (continued)
 - ❖ Often used for street, sidewalk, streetscape, storm sewer and building projects and could incorporate the use of pourous surfaces, tree planting, rain gardens, green building practices, bike lanes and other pathways and river/water access
 - ❖ Brownfields can fund infrastructure in core communities
 - ❖ Michigan Strategic Fund Brownfield Eligible Activities – storm management systems including green roofs, rain gardens, bioswales, underground retention, collection and treatment systems are eligible activities for core communities whether located on public or private land

COMMUNITY ASSISTANCE TEAM

- <http://www.michiganbusiness.org/cm/files/fact-sheets/catmap.pdf>



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PURE MICHIGAN

REVENUE

Sources for Financing Public Infrastructure

- *Other General Fund Projects*
 - ❖ May be subject to referendum rights
 - ❖ GOLT bonds, installment purchase contracts used for financing
 - ❖ Projects that provide cash flow savings to a municipality can be financed with the savings through a general fund borrowing
 - ❖ Many energy conservation bond projects have been financed through energy conservation bonds.

BUILDING PUBLIC SUPPORT

- *Sample comments from preconference survey:*

“You must explain to _____ that green infrastructure is economically important.”

“I believe any outreach should be centered around local communities & local projects.”

“Prove they are cost effective.”

QUALIFIED ENERGY CONSERVATION BONDS

(QECBs)

- *QECBs*
 - ❖ Type of tax-credit bond created under Section 54D of the Internal Revenue Code (“Code”)
 - ❖ State and Local issuers can issue QECBs to finance a broad range of “green” projects for energy conservation purposes
 - ❖ Can be issued to finance a number of “qualified energy conservation purposes” listed in the Code
 - ❖ The State of Michigan has \$2,000,000 of allocation remaining for these projects.

QUESTIONS

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